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## FIFTH MODIFICATION TO CONTRACT #20CM-140

## Ice Cream and Ice Cream Freezers/Insulated Freezer Bags

Hershey Creamery Company ("Contractor") and the Board of Education of Anne Arundel County, also called Anne Arundel County Public Schools ("AACPS"), parties to Contract #20CM-140, dated April 1, 2020 ("Contract"), agree to modify the Contract as follows:

Based on the letter dated April 17, 2023, from Contractor included as Attachment A and expressly incorporated into this Modification, effective July 3, 2023, the parties agree to the price increases outlined in Attachment B.

All other terms and conditions of the Contract remain the same.

IN WITNESS THEREOF, the parties have executed this Modification as below dated.

HERSHEY CREAMERY COMPANY  Humphy	ANNE ARUNDEL COUNTY PUBLIC SCHOOLS			
By:	By: Mary Jo Childs, Esq., CPPO, CPCM Supervisor of Purchasing			
5-23-23				
Date	Date			



## HERSHEY CREAMERY COMPANY

Quality Since 1894

April 17, 2023

Dear Jodi, Kathryn and Joyce

As always, thank you for continuing to partner with us allowing us to serve you. Since our last 2022 price increase, we have continued experiencing dramatic increases in the cost of our raw materials, supply continuity, and critical components in every facet of the business. The state of the labor market has also presented cost increases that have been both obvious and subtle, but all have been impactful. Since our last increase in 2022, the most meaningful costs that we have absorbed have been the key components in ice cream itself: cream, sweeteners, and stabilizers. In order to maintain the quality of our ice cream, we must implement a price increase effective July 3, 2023.

Here are the key item increases that directly affect the cost of all ice cream products:

### Raw Ingredients:

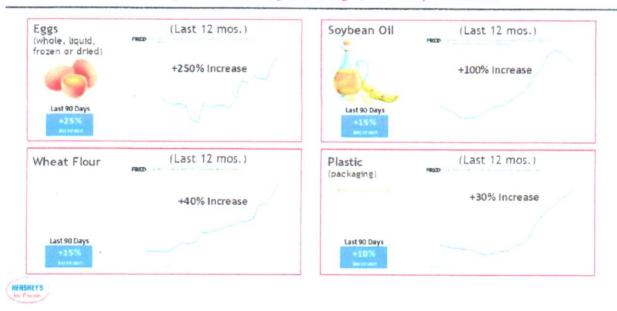
- Cream +61.7% for July through Dec of 2022 vs 2021
- Sweeteners +19.6% contracted pricing for 2023 vs 2022
- Stabilizers +9.6% 2022 vs 2023

Cream will be the largest unknown as we enter 2023. As you can see from the below data from dairy economic consulting firm CLAL, the closest that the price of cream came in 2022 to the price in 2021 per month was a 19.2% increase (December). In August, the gap between 2022 and 2021 was 100.1% higher. These factors together caused the cost of our finished ice cream mix between July and December of 2022 to increase by 44.9% versus the same period in 2021. We are banking on 2023 having lower overall cream prices for the entire year than they were in 2022, but even that hedge would demand a larger price increase than we are comfortable passing on to our customers at this time, given the national sensitivity to all consumer goods pricing. We want our products to be as competitively priced as possible.

## Cream prices (CLASS II CREAM Butterfat) Midwestern U.S. Source: USDA - Midwestern U.S. 12.000 - 2021 - 2022 • 2023 10.000 6.000 6.191 5 4.000 Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

# Producer Price Index by Commodity (Q4 2021 - Q3 2022) PRED PRED Producer Price Index by Industry (Q4 2021 - Q3 2022) PRED PRED PRED Producer Price Index by Industry (Q4 2021 - Q3 2022) PRED PRED

We continue to see significant spikes in Key Inputs driven by increased demand, labor shortages, weather, freight challenges, and many other issues



Hershey Creamery Company is committed to providing our customers with an extensive variety of superior products. We continually look for ways to control both manufacturing and distribution costs without affecting the quality of our ice cream. The quality of our ice cream is what brings your consumers back. We undoubtedly appreciate your business, and we look forward to continuing to serve you.

Sincerely Yours, Hershey Creamery Company

## Attachment B Hershey's Ice Cream Price List



## Prices Effective July 3, 2023

Product	Quantity Per Case	Ounces	Wholesale Price	Unit Price
Stick Bars/Push Up				
Polar Blast Fruit Punch Bar	36	2.25 oz.	\$12.60	\$0.35
Fudjo Bar 2 oz.	36	2 oz.	\$12.60	\$0.35
Orange Blossom Bar 2.5 oz.	36	2.5 oz.	\$12.60	\$0.35
Chocolate Scooter 2.75 oz.	36	2.75 oz.	\$15.12	\$0.42
Strawberry Scooter 2.75 oz.	36	2.75 oz.	\$15.12	\$0.42
Tropi-Kool Fruit Bar - Strawberry	24	4 oz.	\$31.20	\$1.30
Tropi-Kool Fruit Bars - Mango	24	4 oz.	\$31.20	\$1.30
Silly Tubes - Wild Monster Melon	24	2.75 oz.	\$14.40	\$0.60
Ice Cream Sandwiches				
RF Vanilla Ice Cream Sandwich	24	4 oz.	\$13.92	\$0.58
RF Cookies 'N Cream Ice Cream Sandwich	24	4 oz.	\$13.92	\$0.58
Mighty Mini Ice Cream Sandwich	48	2.5 oz.	\$17.28	\$0.36
Ice Cream Cones				
Crazy Cone	24	4 oz.	\$15.36	\$0.64
Vanilla Chocolate Twist Cone	24	4 oz.	\$15.36	\$0.64
Low Fat Cookies & Cream Cone	24	4 oz.	\$15.36	\$0.64
Juice Rush				
Juice Rush Cherry Blue Raspberry	80	4.4 oz.	\$28.00	\$0.35
Juice Rush Mango Heat	80	4.4 oz.	\$28.00	\$0.35
Juice Rush Strawberry Mango	80	4.4 oz.	\$28.00	\$0.35
Twister Cup				
No Fat Twister Cups Cotton Candy Yogurt	18	3.75 oz.	\$10.80	\$0.60
3 Oz. Plastic Dessert Cups				
Low Fat Chocolate Sundae Plastic Dessert Cup	48	3 oz.	\$20.16	\$0.42
Low Fat Strawberry Sundae Plastic Dessert Cup	48	3 oz.	\$20.16	\$0.42
Low Fat Vanilla Plastic Dessert Cup	48	3 oz.	\$20.16	\$0.42
4 Oz. Foam Dessert Cups				
Orange Sherbet Cup	24	4 oz.	\$9.12	\$0.38
Raspberry Sherbet Cup	24	4 oz.	\$9.12	\$0.38
No Fat Raspberry Yogurt Dessert Cup	24	4 oz.	\$10.32	\$0.43
No Fat Vanilla Yogurt Dessert Cup	24	4 oz.	\$10.32	\$0.43
Cookies				
Chocolate Chip Cookie	360	1 oz.	\$66.25	\$0.18
Sugar Cookie	360	1 oz.	\$66.25	\$0.18
Rainbow Candy Cookie	360	1 oz.	\$66.25	\$0.18
Chocolate Brownie Cookie	360	1 oz.	\$66.25	\$0.18

updated 3/2/23